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lish readers, to the intellectual estate of Professor Jevons. Again, we find (page 155) an admirable presentation of the fact that competition between workingmen is at any time restricted to certain well-defined industrial groups. The reader is told that these non-competing groups should not be confused with those to which Professor Cairnes called attention, but he cannot learn from the text that this distinction was built into the structure of economic thought nearly twenty years ago by Mr. Longe. It forms one of the three indictments which he drew up against the wage-fund doctrine. The explanation of these omissions is, I think, that Professor Clark does not recognize the importance of his addition to American economic literature; and for that reason, neglects to indicate precisely the directions in which his treatise contributes to its development.

HENRY C. ADAMS.

Die nordamerikanischen Eisenbahnen in ihren wirthschaftlichen und politischen Beziehungen. Von ALFRED VON DER LEYEN. Leipzig, Veit & Co., 1885. — 8vo, 402 pp.

The Railways and the Republic. By JAMES F. HUDSON. New York, Harper & Brothers, 1886. — 8vo, 489 pp.

Das Eisenbahntarifwesen im allgemeinen und nach seiner besonderen Entwicklung in Deutschland, Oesterreich-Ungarn, der Schweiz, Italien, Frankreich, Belgien, den Niederlanden und England. Von FRANZ ULRICH. Berlin u. Leipzig, Verlag von J. Guttentag (D. Collin), 1886. — 8vo, xii, 504 pp.

An Investor's Notes on American Railroads. By JOHN SWANN, M.A., Oxon. sometime General Manager Alabama Great Southern Railroad. New York, G. P. Putnam's Sons, 1886. — 12mo, iv, 172 pp.

No one question has thrust itself to the forefront of scientific investigation and popular interest with more rapidity than the transportation problem. With each succeeding year the literature of the subject increases at an immense pace. Among the noteworthy publications of the last twelve months I have selected these four works as being of permanent value, although in greatly varying degree, to the American student.

The book of von der Leyen, on American railways in their economic and political relations, is largely made up of essays that have appeared in the *Archiv für Eisenbahnwesen*, of which he is the editor. It is

descriptive rather than critical, and thus contains much matter that is familiar to the American reader ; but it is always interesting and instructive to have our facts and institutions looked at through foreign spectacles, especially when the spectacles are worn by so eminent an expert as Herr von der Leyen. Of the ten chapters, three are devoted to history — the Camden and Amboy Railroad, the Northern Pacific, and the Standard Oil Company. This naturally gives our author ample opportunity for criticism of a rather severe nature. He emphasizes as pointedly as possible the public-use theory of railway corporations, and has words of encouragement and approval for the boards of railway commissioners, especially in Massachusetts, New Hampshire, and New York. Why, however, he should choose New Hampshire and say nothing of Georgia or Illinois, is hard to explain. His conservatism manifests itself in the introductory chapter, where, after a careful review of the defects of our system, it is decided that state-ownership would be entirely too premature and too dangerous an experiment for the United States. An interesting chapter is that devoted to competition and pooling. It is significant that what appears to many Americans a reprehensible practice should be regarded as a matter of course and a most salutary institution by a European. The explanation is not far to seek. Europe has long recognized the necessity and benefits of pooling ; we are still in the first stages of the development. Von der Leyen, like all experts, has long since abandoned the faith in railroad competition, and finds in the joint executive committee an earnest of better things. In treating of our railway rates and their underlying principles (chapters 6 and 8) he is somewhat unfair, comparing the Prussian rates with those of the Northern Pacific at its very inception, whereas it is a notorious fact that American freight rates in general are lower than in Europe. Criticism might also be made of his failure to appreciate the necessity of local discriminations in certain cases — a necessity which has been repeatedly made clear by both the Hepburn and the Cullom investigations. Von der Leyen likewise takes rather too tragic a view of the influence of the railways on political demoralization. But on the whole the book is fairly and judiciously written, and contains much valuable material.

Of an entirely different character is Hudson's work on *The Railways and the Republic*. Mr. Hudson is not a friend of the railways. He exposes their shortcomings with a merciless severity, and succeeds without much difficulty in making out a most damaging case. But he falls into the error, so often committed by those that see only one side of the matter, of clutching at heroic remedies. It is easy to criticise, it is hard to reform ; and we venture to say that the more one studies the railroad problem, the more timorous of drastic remedies will he become. Judged

from this standpoint, Mr. Hudson has evidently devoted little thorough study to the question, for the remedy he proposes is one long since attempted, long since utterly discarded. Absolutely free competition, complete assimilation of the railway to the highway, abandonment by the owners of the exclusive right of transportation, and of course the prohibition of pools, — this is the panacea. The slightest acquaintance with European economic history should have been sufficient to show the hopelessness, the impossibility, of any such scheme. We cannot, of course, in this place stop to prove what is almost an axiom of railway economics. Fifty years ago the idea was broached in England and thoroughly overthrown; thirty years later it appeared in Germany and Austria, only to be again disproved; and now it reappears with us, — so little do we learn by experience. The competition of different carriers on the same line was shown to be impracticable and undesirable in the second report of the parliamentary committee of 1839-40; the question of competition between railway companies themselves was settled in Gladstone's committee of 1844.

It is with a sense of relief that we turn to the thoroughly scientific book of Councillor Ulrich on railway rates. When an expert in practical railway administration studies the subject in a scientific way, and with a full knowledge of the literature as well as of the facts, we may feel assured that the result will be good. Ulrich was for years in the railway service, and now lectures on railroad problems in Bonn. The book is divided into three parts — an introduction, a general, and a special part. The special part (pages 173-500) treats of the historical development of railroad charges, and will be of most welcome assistance to the searchers after what actually exists, and the reasons of its existence. It is the only complete collocation of European railroad tariffs that we know. Of more purely scientific interest is the general part (pages 27-173) where the underlying principles are discussed. Ulrich distinguishes between the private economic (*privatwirthschaftlichen*) and the public economic (*gemeinwirthschaftlichen*) principles, according as the railroads are in the hands of private corporations or of the state; for he thinks that in fact the private railroads look chiefly to their own dividends, while the state railroads regard primarily the public welfare. Starting from this assumption, Ulrich explains that in private railway tariffs the cost of service constitutes only the minimum limit, while the maximum limit is fixed by the value of the transportation to the purchaser. Going into the discussion of the cost of service, he calculates that the permanent element (that which does not increase proportionally to the traffic) includes the fixed charges plus one-half the operating expenses; *i.e.*, about 75 per cent of the whole. In an abstruse but able argument he shows how this fact,

taken in conjunction with the principle that fixes the maximum limit, necessarily creates the two chief characteristics of railway rates — the principle of value (or, as we would say, charging what the traffic will bear) and the principle of differential tariffs (or, in our parlance, local discriminations). Ulrich follows Cohn in the idea that charging what the traffic will bear is simply an application, in another sphere, of the principle of taxation according to ability. And this, we may say in passing, is a sufficient refutation of the idea lately advanced by Professor Hunter in England (and which is upheld by the anti-monopoly league here) that rates must be based on cost of service. Messrs. Fink, Chanut, Blanchard, *etc.*, have a valuable ally in Commissioner Ulrich.

In the chapter on differential tariffs, the questions of classification and local discrimination are thoroughly discussed, although perhaps too little attention is paid to the *pro rata* and short-haul laws. The United States come in for their share of caustic criticism on account of personal discriminations and instability of rates. Much stress is laid on the legitimacy, in certain cases, of special rates and rebates, provided they be not secret drawbacks. Although Ulrich upholds the necessity and justifiability of all these principles, — and this forms the most valuable part of the book for American students, — yet the difficulty of applying the principles correctly in the case of private corporations leads him to discard the whole system and to put in its stead the “public economic” principles of state railways. This is of course natural in a German official. The advantages of such a system appear to Ulrich to be greater equality, greater stability, greater simplicity, and greater publicity. The system would consist in an approximation to the principle of tolls (*Gebührenprincip*), although he confesses that such a principle cannot yet be fully carried out, and that the private economic principles of differential rates and discrimination must still, within certain limits, be followed. Attention is drawn to the car-load tariff as the legitimate and logical outcome of the public economic principles. A weak point, however, is the defence of equal mileage rates — an idea that also cropped out in the Cullom testimony. Exception may be taken to this as well as to the patent unfairness of assuming that the evils of private competitive railroad management can only be cured by universal consolidation; *i.e.*, by state ownership. Ulrich lives in a country where the conditions are most favorable for state management, and views perfectly valid there may be utterly inapplicable to us. But allowance being made for these minor defects, the work is a most valuable one. It contains the first comprehensive view of the purely economic results of state *versus* private administration; and although the conclusions are not in accord either with those of Foucher de Careil in 1878, of Le

Hardy de Beaulieu in 1880, or of Brioschi and Genala in the Italian *Relazione* of 1881, they deserve respectful attention and study. Ulrich's book is by all means the best work on the subject that has hitherto appeared.

Appeal to a public of quite another nature is made in Swann's *An Investor's Notes on American Railroads*. Mr. Swann makes no pretence at completeness; he aspires simply to treat of that very limited aspect of the railroad problem which affects the interests of the investor. What the chapter on Fair and Free Trade, however, at the beginning, has to do with the subject, is not very clear. The book discloses an intimate acquaintance with the often rather unsavory Wall-Street methods, and gives to the uninitiated a good idea of "control" of stocks, railway reorganization, "corners," receivers' certificates, proxies, *etc.* Many of the chapters are mere hints, and thus do not call for criticism. But questions of a wider interest are also casually treated, such as pools, parallel lines, state control, and others. Of these discussions, perhaps the most important is that on Railroad Commissions. Mr. Swann has an antipathy to commissions, especially to those which attempt to regulate too much. "Amateur dry-nursing" by the state, he thinks, will impair business and increase expenditure. In so far as this antipathy is based on the Granger movement and its drastic methods, it is well founded; but it cannot be expected that a work which avowedly explains only the interests of the investor, can at the same time adequately note the demands of the community at large. We hear a little too much of "vested interests" and "confiscation," too much of the rights and too little of the duties of railway corporations. The book is pleasantly and cleverly written, and in so far as it is meant to inform prospective or actual investors of the facts which tend to affect their holdings, it is a success. But the exclusively investor's point of view presents of course only one side of the problem, and the reader must be warned not to accept the results as applicable to the economics of railroads in general.

EDWIN R. A. SELIGMAN.

The Limits of Individual Liberty: An Essay. By FRANCIS C. MONTAGUE. Rivingtons, 1885.

This does not profess to be a philosophical treatment of the subject. It is, nevertheless, a scientific discussion; and one is somewhat puzzled by finding the author's statement in the preface, "It cannot assist the scientific inquirer," followed by the declaration on page 18, "My next endeavor will be to trace the bearing upon any scientific conception of